

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:348
ANSWERED ON:18.08.2005
INVESTMENT IN ONGC
Singh Shri Mohan

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether various domestic companies and international companies have expressed interest in investing in Oil and Natural Gas Commission (ONGC) for exploration and extraction of oil ;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Government is in favour of private and foreign investment in addition to Government investment for exploration and development of natural gas and petroleum products;
- (d) if so, the action being taken in this regard; and
- (e) the target of additional investment fixed by the Government for expanding the business of ONGC and the sources from which the same is likely to be met?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AYER)

(a) : ONGC are seeking strategic alliances with reputed exploration and production companies for their 5 deepwater blocks awarded to them on a nomination basis on New Exploration Licensing Policy (NELP) terms. In addition, under NELP, ONGC have established strategic alliances with several foreign and domestic companies.

ONGC have also offered marginal fields, both onland and offshore to domestic and international companies, on a service contract basis for development and production.

In order to share exploration risks, secure high level technologies, and attract innovative geological ideas, ONGC have been scouting for strategic partners. This is in line with the global trend of forming strategic alliances for technology, investment, and fresh thinking.

(b) : Government supports these initiatives, oil diplomacy is harnessed, where required, to ONGC's commercial endeavour.

(c) & (d) : India has large unexplored sedimentary areas requiring state-of-the-art technologies, high risk exploration capital and innovative geological ideas / models to find oil and gas. The policy of the Government has started yielding rich dividends as major oil and gas discoveries have been made by both domestic and foreign private companies.

The Government have already put in place the New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Policy to attract investments for exploration and production of oil and gas and CBM from coal bearing areas. So far, the Government has signed 90 production sharing contracts in the first four rounds of NELP and 16 CBM contracts. 18 more blocks have been awarded under the fifth round of NELP (NELP-V). NELP-V received a total of 69 bids from 14 countries, overtaking the performance in a single round of all the four previous rounds put together.

(e) : The plan outlay of ONGC during the Tenth Five Year Plan is Rs.33,418.95 Crore. In addition, ONGC have a plan outlay of Rs.13550 Crore for ONGC Videsh Ltd. (OVL).

These resources are expected to be mobilized by ONGC from their own accruals without relying on any Government budgetary support.